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Merchandising Practices Abroad Adapted to U.S. Retailing

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Last summer I spent nearly three months in France, Belgium, Holland, West Germany, Denmark, Sweden, Scotland, and England. A considerable part of my time was devoted to the study of merchandising practices in different types of stores in most of those countries. I would first observe critically various methods in operation before seeing the store executives. After getting and recording about all the data possible on my own, I then interviewed store executives to obtain additional information. With only two exceptions, I was able to get all the information I needed. Retail officials even turned over their books and their financial statements for analysis.

Throughout my tour, I was struck with the general superiority or our American merchandising practices [illegible]our more effective advertising, our more effective salespeople, and the better utilization of our store help. One rarely sees attractive store advertisements in foreign newspapers. Although European salespeople are courteous, one rarely meets a salesperson who has a prompt, pleasant, and businesslike approach. One seldom meets a salesperson who employs the most effective methods to answer common objections to buying or to closing sales. And never did I do business with any salesperson who suggested that I buy additional merchandise; indeed, their faces registered great surprise when I bought two or more articles. As nearly as I can determine, a European store employs from one-third to one-half again as many employees as our average retail institution doing about the same volume of business.

But from the beginning of my tour, I was determined to discover some merchandising practices in Europe, if there were any, that American retailers could adopt. It seems to me that there are some. They relate to sales promotion, to personnel, to the separation of buying and selling in some instances, and to efforts to keep government from dabbling into business.

European merchants by and at large depend more than we do upon window displays, doorway and storeside displays, to attract people into their stores. European retailers appear to devote more space to these displays than do our merchants. Each store building seems to have as many windows devoted to displays as possible. Many of the doorways are so filled with displays that there is little room for the customer to walk into the store. Along the store sidings

(Continued on page 5)

ARTICLES OF INTEREST IN THIS ISSUE

Merchandising Practices Abroad Adapted to U.S. Retailing. By N. H. Comish.

Power Development in Northwest Vital to Business Growth. By Bernard Goldhammer.

Industrial Management in the Public Interest. By Earl Bunting.

Current Business Trends in Oregon.

Power Development in Northwest Vital to Business Growth*

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The industrial development of the Pacific Northwest is of particular concern to a group interested in retail trade. The important determinants of retail sales are the payrolls and income of a community. Whether or not the volume of such sales expands depends to a large extent on whether or not industry and population grow.

In 1950, 4.7 million people lived in the Pacific Northwest. About two-thirds of the residents live in the narrow coastal plain between the Pacific Ocean and the Cascade Range. The other one-third lives in the sparsely settled area reaching from the Cascades to the Rockies.

We at the Bonneville Power Administration estimate that population in the Pacific Northwest will reach 6 million by 1960, an increase of 28 per cent over 1950. This estimate compares with a growth of 33 per cent during the past ten years and an estimate of the United States' population growth of 19 per cent in the next ten years. To fully employ the expanding labor force, about 500,000 new jobs will have to be provided by 1960. Of the total, one-half of the jobs or 250,000 will have to be in the basic industries, that is, agriculture, extractive industries, and manufactures.

If this employment in basic industries is provided, the other 250,000 jobs in trades and services will follow. Retail businessmen are quite familiar with the fact that new payrolls in a community increase sales and employment in other activities such as retail and wholesale trade and service industries.

Let us examine briefly the economy of the Pacific Northwest, its resources and its outlook for expansion, to see what industries or activities can provide the additional employment.

Agriculture and food processing provide about 40 per cent of the jobs in agriculture, extractive industries, and manufacturing. Mechanization and increasing size of farms have resulted in a continual decline in farm employment. Irrigation of new lands, with the resulting small farms, can increase employment in both agriculture and food processing. Within ten years the Columbia Basin project in central Washington will provide water for nearly 400,000 acres. About 6,000 new farms will be

(Continued on page 2)

* An address delivered before the 1951 Oregon Retail Distributors Institute at the University of Oregon.

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WESLEY C. BALLAINE, Editor

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Power Development in Northwest Vital to Business Growth

(Continued from page 1)

established, which, together with the trading centers, will support a population of more than 50,000 people.

Agricultural authorities estimate that an additional 4 million acres in scattered projects throughout the Pacific Northwest could be irrigated to provide about 60,000 new farms and support a population on the farms and in the trading centers of approximately 400,000 people. However, it is not likely that these projects could be available for settlement within the next ten years.

Opportunities for irrigation are not limited to these large projects. About 100,000 acres in this region receive water by sprinkler irrigation. The number of acres irrigated by this method is expanding and will continue to increase. Low-cost electric energy delivered to the farm is an important factor contributing to this growth.

Irrigated farms provide relatively high income per acre. This is an important factor in the very high per capita retail sales in such communities as Wenatchee and Yakima, Washington and Klamath Falls, Oregon. Irrigated agriculture also provides crops which encourage expansion of the food-manufacturing industries. Of particular note is the expansion that is continuing in the frozen-food industry. In 1947 an annual average of 4,300 workers in the Pacific Northwest was engaged in freezing fruits and vegetables, compared with 650 workers in 1939. In 1947 Pacific Northwest plants accounted for about one-half of the berries, one-third of the vegetables, and one-fourth of the fruit frozen in the United States.

Within the next ten years agriculture and food processing could provide a net increase of 15,000 new jobs or about 6 per cent of the 250,000 that will be needed in basic industries.

Forest industries, which employ over half of all workers in manufactures, offer many opportunities for expansion. These opportunities lie in increased remanufacture of the lumber, pulp, and paper and waste utilization in such products as hardboard, plastics, and alcohol. Such expansion will far outweigh the decline in logging and lumbering which will come as the log cut becomes limited to that allowable under sustained-yield operation.

Although much progress has been made in the remanufacture of lumber in recent years, wood fabrication is still small relative to log production. According to the 1947 Census of Manufactures, the Pacific Northwest accounted for one-third of the logs produced in the nation but employed less than one-tenth of all the workers manufacturing lumber, pulp and paper, furniture, millwork, and other wood products.

Production of plywood is expanding. Today the Pacific Northwest has 67 plywood and veneer mills compared with 17 in 1931. About 10 additional mills are under construction or waiting certification as national defense industries. Pulp and paper production is also increasing. Capacity is now about 20 per cent larger than two years ago. An expansion of an additional 20 per cent is now under way. Utilization of sawmill waste in pulp manufacture is a factor in this growth.

Utilization of waste in hardboard is also progressing. Eight board mills are either under construction, being expanded, or waiting approval of defense authorities to start construction. Other hardboard mills are in the planning stage. Wood and pulp wastes offer many opportunities for new jobs. Alcohol is produced from wood wastes at Springfield and waste pulp liquors at Bellingham. Naval stores are being produced from pine stumps at Klamath Falls. A plant is being built at Seattle to recover vanillin from the pulp-waste lignin. Yeast, wax, tannin, insulating material, and charcoal are other products manufactured from wood waste.

Utilization of waste in pulp, board, and other finished products has electric-power implications. Power requirements of these operations are fairly large. Estimated requirements of the above-mentioned board mills vary from 1,000 kilowatts for the smallest to 6,000 kilowatts for the largest. Some of the waste now used under boilers to generate electricity will be used as a raw material in a new product and will have to be replaced with power from another source. To date the power has been available for the expansion of these small industries. This expansion is one of the factors in the rapid increase of power requirements.

The outlook for expansion of plywood, pulp and paper, remanufacture of lumber, and waste utilization appears favorable. But new job opportunities in the next ten years probably won't exceed the nearly 70,000 new-job expansion of the past ten years. Rayon, new products utilizing wood and pulp wastes, and other new industries related to forest products might supply an additional 15,000 jobs, making a total of 85,000 possible new jobs in forest products and related industries.

Textiles and apparel, machinery, equipment, and the iron and steel industry will expand as population increases and the region becomes more industrialized. It is difficult to appraise the potential of these industries, since so many factors influence their growth. Growth of some of them, such as machinery and equipment, is similar to retail trade in that they depend on other economic activity. Technological changes could result in a substantial growth. An estimated addition of 50,000 new jobs by 1960 appears possible of achievement.

Of the 250,000 new jobs needed in the basic industries, we have estimated that agriculture and food processing can provide about 15,000; forest and related industries about 85,000; and textiles, machinery, equipment, and iron and steel approximately 50,000; or a total of 150,000. An additional 100,000 new jobs will have to be supplied by other basic industries. Electroprocess industries appear to offer the best opportunity to provide these 100,000 jobs.

Essential to the industrial expansion in any region is a low-cost energy base capable of being expanded to meet

the increasing industrial requirements. The Pacific Northwest lacks the low-cost coal which attracted the iron and steel industry to Pittsburgh, the oil supplies which built large industry in California, and the natural gas which is the basis of an "industrial revolution" now in progress in the Southwest. But we do have a large potential low-cost hydroelectric power which can attract electrochemical and electrometallurgical industries.

Power costs in these industries range from 10 to 50 per cent of the total plant cost. That is why these industries seek locations where low-cost power is available and why they are concentrated at such locations. Their earliest growth, from 1895 to 1924, was in the Buffalo-Niagara Falls area. Today this area supports about 1,000,000 people, most of whom depend directly or indirectly upon these large power-consuming industries. In the 1930s the electroprocess industries expanded in the Tennessee Valley. Low-cost power was available from Federally constructed dams in the area. Since 1940 these industries have looked to the Columbia River for their expansion.

During the past eleven years a considerable expansion has taken place, but has been slowed because new dams have not been built fast enough to take care of the expansion needs of these industries. However, some expansion has been taking place in spite of the power shortage. This expansion is based on the purchase by industry of interruptible power. Industry is taking the calculated risk of having to close down part of its operation if there isn't sufficient water in the river to generate the power necessary to meet its requirements. Median or better hydroelectric conditions have prevailed in approximately twenty out of the past twenty-six years; but most of you will remember the curtailment of aluminum loads in the winter of 1948-49 when stream flow was low.

The sale of interruptible power, which in April 1951 amounted to 240,000 kilowatts or nearly one-fourth of the total industrial load served by the Bonneville Power Administration, is an important element in defense production and in the industrial growth of the region. During the month of April, Pacific Northwest aluminum plants produced from this interruptible power over 15 million pounds of aluminum, about 11 per cent of the national production. I do not think it necessary to emphasize the importance of this additional metal supply during our present national emergency or of the importance of its contribution of about $32 million a year in value of manufactured products to the region's economy and to your own business in the retail field.

Most electroprocess industries fit well into the economy of the area and will help give it diversity and stability. Retail businessmen are well aware of the disadvantages of dependence upon one or two industries for the income of a community. You have seen large-scale unemployment and declines in business even in periods of relative prosperity because the lumber market temporarily slumped or because some farm product was a drug on the market.

I want to discuss a few of the electroprocess industries which are here and which offer opportunities for expansion. I particularly want to analyze them in relation to the economy of the Pacific Northwest.

Many low-grade and complex ores which exist in this region can only be processed commercially by an electrolytic or electrothermal process. This area has large zinc deposits, but these deposits contain relatively large amounts of lead and iron and cannot be smelted by the retort process. But it is feasible to process them electrolytically. About 80 per cent of the electrolytic zinc capacity in the nation is in this region. Ore reserves are large and expansion of this industry appears likely. Electrolytic processes are also used in refining lead and copper in this region. One firm has proposed construction of an electrolytic lead refinery utilizing foreign ores.

Three plants produce chlorine, caustic soda, and chlorates. Two of the plants were built in 1928, principally to serve the pulp and paper industry. Practically all the chlorine and most of the caustic soda produced in the region is used here. Chlorine and chlorates markets, in addition to pulp and paper, include water purification, insecticides, and weed killers. Potassium chlorate is sold principally to match manufacturers in Washington, Idaho, and California. Caustic soda is used in the region for the manufacture of glue for the plywood and laminated-wood industry and for soap and other chemicals, as well as for the manufacture of pulp and paper. Expansion is now taking place and the outlook appears favorable.

Artificial abrasives produced at Vancouver, Washington are shipped elsewhere for fabrication. Uses in this area, particularly in the plywood and lumber industry, appear to offer opportunities for the initial production of coated papers and other abrasive products in the region, as the primary abrasive production expands.

Two plants produce calcium carbide, which is used principally in the manufacture of acetylene for welding. Much of the output is used by local industry; during World War II shipbuilding required nearly all of the

Notes . . .

ON THE SCHOOL OF BUSINESS ADMINISTRATION

- Dean Victor P. Morris has been elected to a three-year term on the Executive Committee of the American Association of Collegiate Schools of Business. The School of Business Administration has belonged to the National Association since 1921, and is the only member in Oregon.
- A safety-first program in industry sponsored by the Southern Pacific and the railroad brotherhood unions, in conjunction with the School of Business Administration, was staged in McArthur Court on September 27. Between 1,800 and 2,000 Southern Pacific employees attended. Professor C. F. Ziebarth of the School of Business Administration worked with the Southern Pacific in organizing the event.
- Professor O. K. Burrell has been asked to present a paper to the Econometric Society at its annual meeting during the Christmas holidays.
- A total of 439 students are currently enrolled in the School of Business Administration. This number excludes all prebusiness students (freshmen and sophomores); the School of Business Administration has an entrance requirement of two years of college work in liberal arts.
- Professor C. F. Ziebarth represented the School of Business Administration at the fall meeting of the Northwest Universities Business Administration Conference held at Montana State University in Missoula on October 20 and 21.

output. Acetic acid is also manufactured from calcium carbide. The rayon industry requires relatively large amounts of this acid and would provide a market if the much-talked-of rayon plant locates here.

Five plants are producing ferroalloys and one additional plant will probably be constructed soon in western Montana. The Spokane plant will soon use the ferrosilicon it produces in the production of magnesium. Most of the ferroalloys are used in manufacture of steel. We might say that ferroalloys are this region's contribution to the steel we have to import from other regions. Expansion of the steel industry will require additional ferroalloy supplies.

The Rocky Mountain states contain about 60 per cent of the reserves of phosphate rock in the nation, but these deposits are little utilized. The Westvaco Chemical Company started operation of an electric-furnace elemental-phosphorus plant near Pocatello, Idaho in 1949. Since that date two additional furnaces have been added by the company at that plant. The Victor Chemical Company is constructing a two-furnace plant near Silver Bow, Montana. Most of the electric-furnace elemental phosphorus produced here is now being used in the detergent industry. The potential for fertilizers is very large. Much of the fertilizer would be used in the region to maintain fertility of the soil. Phosphorus is also used in sugar refining and in the manufacture of other foods in the region. Prospects for expansion of the phosphorus industry appear very favorable. Lack of low-cost power near rock deposits is holding back expansion today.

An ammonia plant, utilizing hydrogen from an existing chlorine and caustic-soda plant, is under construction at Tacoma, Washington. Opportunities for a considerable expansion appear favorable, particularly if natural gas is imported from Canada or Texas. This would be another electroprocess industry closely linked to the economy of the region. Experiments of injecting ammonia gas into wheat fields to provide nitrogen and rot straw appear to be successful. The pulp industry is experimenting with an ammonia-base process to eliminate stream pollution.

When the aluminum industry came here eleven years ago the only attraction was low-cost power. Alumina had to be shipped in and there were less than a dozen manufacturers in the entire region fabricating aluminum products. Today aluminum has brought an entirely new large industry to the region, including new fabrication. In 1950 the five ingot plants located in Oregon and Washington produced 343,000 tons of aluminum ingots, or 48 per cent of the national output. Manufacture of rolled products, rod and wire, and castings soon followed the primary production. A rolling mill at Spokane started production of sheets, circles, etc. in 1943. Capacity of the plant was expanded in 1950. A rod and wire mill was completed at Vancouver, Washington in 1950. About sixty foundries in Oregon and Washington produce aluminum castings. These primary fabricating plants are utilizing about one-half of the aluminum ingots being produced in the region.

Utilization of the aluminum wrought products in finished products is also quite large. The magazine *Modern Metals* published a survey of aluminum fabricators in April 1950. The magazine reported 319 aluminum fabricators in Oregon and Washington.

Most of the aluminum fabricators are small establishments employing less than fifty workers. An outstanding exception is the Boeing Aircraft Company, which is the largest employer in the region. I do not intend to imply that Boeing located here because of the aluminum industry. Boeing was in the region before the construction of the aluminum plant at Vancouver. But neither Boeing nor any other manufacturer utilizing large quantities of aluminum could have expanded to any extent without the expansion of the aluminum industry. This expansion during the past ten years, to a large extent, has been made possible by low-cost Columbia River power.

Some will argue that if aluminum had not been available some other material would have been used instead and the fabrication industry would have expanded. I do not know what else they would have used. An inescapable fact of our society has been the expansion of wealth and employment following the introduction of new basic materials or technological improvements. These improvements have been an important factor in our steadily increasing standard of living.

The aluminum fabricators manufacture a wide variety of products. Many of you in retail trade sell some of these items. Probably all of you have purchased locally manufactured aluminum products. Last year, while I was with a group working on a sprinkler irrigation study, we visited a farm which will illustrate a few of the aluminum products manufactured in the region. We noted that all the irrigation pipe, couplers, and sprinklers on this farm were manufactured in this region. The farmer's shed had an aluminum roof. His new house had aluminum cased windows, aluminum siding, aluminum kitchen cabinets, a deep freeze and an electric hot-water heater made in part out of aluminum. All of these products were fabricated in this region. I wouldn't be surprised if the truck which hauled these products to the farm had an aluminum body and perhaps even aluminum hubcaps made in this region.

The region is gradually developing a "know how" in aluminum fabrication—working with aluminum is quite different than working with other metals. Workers are becoming skilled; manufacturers are acquiring the necessary equipment and knowledge of techniques; and men have been willing to risk their capital to manufacture new products.

The aluminum industry, including ingots, wrought products, castings and secondary fabrication, has an investment in plant and equipment in this region of about $180 million. I do not have any figures on the investment in working capital but it also is large. The industry, which includes Boeing Aircraft, employs about 36,000 workers with an annual payroll exceeding $135 million. Value of products in 1950 reached $600 million or about one-fifth the value of all products manufactured in Oregon and Washington in that year.

There is little question but what the aluminum industry is an asset to the region. As aluminum expands and as the population of the West increases, further expansion of aluminum fabrication can be expected. There is also the possibility of utilizing the laterite deposits in Washington County and the alumina clay in many parts of the region to supply the industry with part of its ore requirements.

There are numerous other opportunities for expansion

in the electroprocess field. Low-grade iron ores, nickel, and manganese might be utilized by an electric process. Titanium, a new metal still in the developmental stage, could provide the region with a large new industry. High-grade manganese dioxide for dry-cell batteries might be produced from local ores by an electroprocess. Washinton State College and the Bonneville Power Administration are participating in the development of a commercially feasible process.

The electroprocess industries, together with the resulting fabricating and subsidiary mineral industries, can provide the 100,000 new jobs necessary to keep our 1960 labor force fully employed. Fabricating industries have expanded in other areas where supplies of metals or chemicals have become available, and they will continue to expand here.

Power capacity will have to be increased rapidly to provide the needs of a growing community. All the opportunities for new jobs require electric energy. In agriculture electric energy is needed for pumping in irrigation projects and for sprinkler irrigation, for farm production and the farm household. In forest industries power is needed for production and to replace waste now burned, so that the waste can be utilized as a raw material providing new jobs to create new products. In the electroprocess industries, power is needed for electrothermal or electrolytic processes. In the home, electricity has provided an increased standard of living and reduced household chores.

A population of 6 million by 1960 will require an average of nearly 10 million kilowatts compared with the 3.8 million available for our 4.7 million people today. Total per capita electric-energy consumption increased from 0.3 kilowatts in 1940 to 0.8 kilowatts in 1950. Requirements for 1960 will be an average of about 1.7 kilowatts per capita. This increase in power utilization will be an important factor in the increased production and payrolls and resulting growth of retail sales in the region.

Merchandising Practices Abroad Adapted to U. S. Retailing

(Continued from page 1)

where there are no windows, little indentations, perhaps a foot and one-half long and six inches wide, are filled with articles covered with glass. In some Danish stores, window displays run as high as the second floor. In one case, the window display was eleven yards square. The PUB, the largest department store in Stockholm, has fifty-four window displays of considerable size. There are fifty-two window displays in Patrick Thompson's department store in Edinburgh; and Harrod's of London has one-quarter of a mile of window-display space.

European window displays, more frequently than ours, are built on the fundamental principles of good display. Generally, fewer goods are displayed in the window than in American stores. The usual number of articles in the better window displays ranges from one to five items—three is a very frequent number. Almost invariably the displays exhibit harmony of idea, line, form, size, and color. As a rule, the displays have proportion, balance, rhythm, and emphasis. Sometimes the emphasis is achieved by the employment of a quantity of white space or plain space around a central item. Sometimes it is obtained by the use of a contrast of light against dark or dark opposite the light. Sometimes it is secured by a grouping of the items, and sometimes by employing the unexpected in line or in form, pattern, color, or even size. In Europe, color combinations in windows are nearly always proper. Some window displays have a complimentary-color combination; some an analogous combination; some a monochromatic, some a one-color or neutral-color, some a saturated-color harmony; and some a triadic combination.

To illustrate these color harmonies—in Copenhagen I saw a complementary harmony, where two colors opposite each other in the chromatic circle were combined, in a display of two beautiful blue and yellow dresses. In Paris I noted an analagous harmony, where two colors next to each other in the spectrum were artistically brought together in a display of two blue and green coats. In a Brussels' window display, I saw the monochromatic harmony in which two tones of the same color were beautifully combined—two French and Navy blue blouses in a women's wear store window. In an Edinburgh store window I found one-color and neutral-color harmony, a bright color tastefully combined with a neutral color—a display of yard goods in yellow and gray. In London I saw a saturated-color harmony, in which several colors were keyed with one hue—yellow, red, brown, and gray neckties in which ran a streak of blue, surrounded a solid blue tie. In Gotenberg I saw a triadic color harmony; there in a store window were blue, green, and yellow sweaters tastefully displayed together. By and at large the best European window displays are very artistic and effective.

In Europe one also finds movement in window displays more frequently than in America. A relatively large number of window displays in France, Belgium, Denmark, Sweden, Scotland, and England exhibit movement. In fact, some stores even have interior moving displays. In Paris, the largest department store (Printemps) had a large moving window display of furniture. A table, chairs, and a bed gradually revolved in a circle. In Paris a yard-goods merchant had several circular moving displays in the entrance and one in the window. In Brussels a men's wear shop displayed a necktie revolving slowly before a mirror. In Copenhagen a women's wear shop used revolving mannequins on which to display suits, dresses, hats, blouses, sweaters, and the like. In Stockholm, merchants had moving displays of musical instruments, home appliances, and even hardware. In Edinburgh retailers had moving feather displays—feathers rapidly blown against the window. In London, there were moving mannequins on which to display men's suits, coats, shoes, and other men's wear items. What does movement in displays do? In Europe, like America, it attracts the passersby. Everywhere I saw a moving display there were people observing it. More European merchants than American retailers seem to fully appreciate this fact—however, eighteen out of nineteen window-display managers in Oregon stores who were interviewed by one of my research students favored movement in displays, but they had failed to impress their store operators of its importance.

In view of the fact that investigations disclose that from 30 to 87 per cent of some stores' customers are enticed into

stores because of window displays, merchants should appreciate the importance of artistic displays, built on the underlying principles of good window displays. One of our University of Oregon research projects disclosed that the best window displays attracted twice as many customers as the poorest in department stores, women's wear shops, men's wear stores, grocery and drug stores. Window displays are a relatively inexpensive sales-promotion device. More American merchants should take a lesson on window displays from their European cousins.

Another sales-promotion feature found in Paris and London, sidewalk sales, might be adapted occasionally as a cooperative project by all the merchants in a medium-size or small city to attract out-of-town and in-town trade. In East London one and one-half blocks are devoted to sidewalk sales of nearly all sorts of merchandise. There are separate stalls on the street facing the sidewalks. Each stall has a salesman who talks up its merchandise. Some of these salesmen are auctioneers and extremely active; other salesman are no more active than the best in the stores; and still other salesmen just stand by to explain any feature about the goods that a prospective purchaser might want to know. These rows of stalls are quite colorful and sell considerable merchandise. In Paris, the largest department store has sales tables, loaded with all sorts of goods, placed on the sidewalks—behind them stand aggressive salespeople plying their trade. Since these tables have no protection whatever, sales are made on the sidewalks of Paris only during fine weather. It seems to me that occasionally this merchandising practice might be used in an American town by all the merchants—perhaps once or twice a year as a unique stunt. The very novelty would attract considerable out-of-town trade and in-town business.

European merchants seem to try harder to make permanent customers out of tourists than do our American retailers. In store after store, I was invited to return again and again. Moreover, nearly all European merchants invited me to order by mail. I inquired if they had many foreign customers. Some retailers said that from 5 to 40 per cent of their trade came from foreigners.

Another European practice—confined mainly to large department stores and chain men's and women's wear shops—that large American retailers might emulate is that of separating buying from selling. The International Association of Department Stores has made this separation a major project over the years. The officials of this organization and the executives in member stores believe wholeheartedly in separating buying from selling in the store organization. It is their opinion that good salesmen do not necessarily make good buyers and vice versa. In fact, they think a splendid salesman rarely makes an expert buyer—who must know how to bargain satisfactorily for high discounts, advertising allowances, free displays, free goods, good dating terms, anticipation, and the like. In stores that have separated buying and selling, a head of a department never buys merchandise. His functions are selling and managing the salespeople under him. Not infrequently he heads up several related departments instead of just one.

The Printemps in Paris has gone the complete length of separating buying from selling. It has four buildings in the city of Paris. Three are devoted to selling merchandise and the fourth merely houses the buyers. I am quite well aware of the fact that there are some stores in America that have separated buying from selling in a degree, and that the late Filene advocated it. But very likely still other stores could adopt this type of functional organization to advantage. That is true not only for large department stores, but also for chains which operate small unit stores.

As to personnel, the merchants abroad seem to be worried more than American retailers over what they call their high labor turnover. Yet they have comparative low rates of labor turnover. The very highest is 60 per cent in a large London department store. I would say the average range is from 30 to 40 per cent. Over here some department stores have a 200 per cent rate and many stores of various kinds have from 50 to 100 per cent labor turnover. What are the European merchants doing about their labor turnover? The are carefully analyzing the causes, which include marriage, sickness, moving out of the city, a desire to change occupations, retirement, dismissal due to inefficiency, accidents, disease, death, lack of adaptability, living too far from the store, better pay in other occupations, and the like. They are trying in some cases to remove some of the causes and they are seeking to select employees who are adapted to retailing, like it, and live relatively near the stores. Perhaps American merchants could profit by studying more carefully their labor turnovers and adopting constructive means to reduce them.

Finally, it seems to me that the retailers, particularly in England, Scotland, and Sweden, are more alive to the tendencies toward socialism and are opposing it more vigorously than are our merchants. Perhaps one reason for that is that the governments of those countries have gone farther in that direction than ours. In Sweden and England, the members of cooperative stores stand as one man in fighting the government ownership of industries in which the retailers are interested. I believe that our retail trade associations should be on their guard against socialistic proposals in the United States.

In summary, it might be pointed out that, while American retailers do more effective newspaper advertising, have more efficient salespeople, and utilize their store employees more effectively than British or European merchants, Americans can learn from retailers abroad. Many European merchants have better displays than American retailers. Store displays abroad are not only more numerous, but have better backgrounds; are following more closely the principles of proportion, balance, rhythm, emphasis, and color harmony; display fewer goods per window more artistically, and employ movement more frequently than American store displays. Some American retailers might try sidewalk sales as a stunt to attract more out-of-city and in-city trade. American retailers should, like retailers abroad, try to sew up tourist trade permanently.

American merchants in some cases could organize their stores to advantage along functional lines, separating more fully buying from selling. American retailers could imitate merchants abroad in the analysis of the causes for labor turnover and in efforts to reduce our high rate of labor turnover. Finally, like the members of Swedish and British cooperative stores, our retailers should resist attempts at the socialization of trade and industry in this country so as to retain a better environment for retailing.

Industrial Management in The Public Interest *

By EARL BUNTING

Managing Director, National Association of Manufacturers

The term "public interest" has been very much abused. Pressure groups here and abroad boldly and brazenly wrap their vicious objectives in its protective cloak. Uncounted millions in other countries have been sent to concentration camps and even murdered under the pretense of serving the public interest. Innumerable and unspeakable political, social, and economic injustices have been imposed by false claims of public interest.

What is public interest? How do free men understand this phrase? The American definition has always followed this thought pattern: An action is in the public interest when its ultimate effect is to confer a benefit upon the community or the nation as a whole without jeopardizing the future stability and well-being of society, and also provided that it imposes no injustice or permanent injury on any group or segment of the population . . .

A fundamental change in the very nature of industrial management came about through the so-called Industrial Revolution. The management of industry was shifted from the owner to a special group of qualified persons employed by the owner to manage the enterprise. This step became necessary because of the increasing complexities of industrial progress and the diffusion of ownership of enterprises resulting from the public willingness to venture its savings in the expansion of industry.

Management obviously has the responsibility to keep the enterprise as prosperous as conditions will permit, and that responsibility unquestionably is in the public interest. Profitable industry gives continual employment at high wages while producing desirable goods or services at reasonable prices. When industry in general is operating on a profitable basis, the nation usually flourishes also. If industrial management, because of incompetence or neglect, fails in its duty of operating a profitable enterprise, then it has failed in its responsibility both to the owner and to the interest of the public.

The importance of industrial management, as distinguished from other types of business management, lies in the fact that ours is an *industrial* civilization. A paradox develops, for each industry must be scientific to the core, yet it must also be flexible, adaptable, venturesome, and humane. Each successful industrial enterprise is a rational and orderly technological process; it must fulfill those requisites if it is to be a factor in the economic struggle.

On the technological side, industrial-management problems are of a high-tension calibre. New products, useful or desirable to the public, must be constantly discovered, described, and designed. This involves not only new productive problems, but the development of new machinery, processes, materials, specifications, and marketing methods which will permit a low-selling price without impairing the article's usefulness or desirability. Industry's technological tasks are never finished. There can never be any relaxation of effort in introducing new and better products to be produced at lower unit cost and sold at lower prices. Any relaxation here is punished instantly and severely by loss of market, a penalty imposed by the public.

The really challenging aspect of industrial management arises when the technological results are presented for financing, production, and marketing implementation. The technologist deals with problems which are usually measurable, predictable, and subject to fixed laws. In the field of finance, production, and marketing, however, decisions have to be considered, and they are often upset by the ever-shifting tide of economic, political, and social forces. Management must be constantly on guard against the whims and fancies of a public that reserves the right, and properly so, to change its mind for any or no good reason. Management is required to establish a budget within which the enterprise can and must operate. Cost increases, new taxes, unforseen expenses, strikes, material shortages, and even unsuspected loss of important law suits can and often do make the most carefully contrived budget look as thin as the proverbial beggar's dog.

If management is unable to obtain additional capital immediately under these circumstances, then the enterprise finds itself on the skids. The public interest suffers, not alone through unemployment, but also because of decreased benefits due to the reduction of revenue at all levels of the government. The loss of desirable goods and the liquidation of individual savings invested in the company are additional features of an unprofitable business. Management likewise is guilty of failure to serve the public interest when it miscalculates marketing, engages in uneconomic pricing, practices poor production scheduling, creates ineffectual advertising or public-relation programs (or refrains entirely from those programs), and follows unreliable labor-relations policies. The failure of management in any one of these fields can do serious harm, even if all of the other components are coordinating smoothly. While the margin for allowable error is small, the possibility of loss due to a blunder is disproportionately great.

There are, of course, various levels and degrees of industrial management, each equally important and necessary to the successful functioning of an enterprise as a whole. Coordinating these phases of management is the most difficult aspect of administrative top management. Top administrative management must decide on the enterprise's objectives and determine the path to those goals. The task of selecting and training those men who can best accomplish these purposes is also the responsibility of top management. Coordination and integration of the enterprise, delineation of limits of authority, and delegation of duties and responsibilities to the junior executives are also reserved to the administrative body. In addition, it must keep the directors and the owners informed of the company's current operations and future prospects, and offer recommendations which only it is qualified to render. Top management, in short, is the general staff of each private enterprise, answerable to owners, workers, consumers, industry in general, and the community.

The owners expect successful financial results; employees expect fair dealings, good wages, regular employment, and expanding opportunity. The public expects good products and reasonable prices. The industry of which a company is a part expects ethical practices. The community expects an efficient, humane, and profitable company.

* Excerpts from an address delivered at Ohio State University, Feb. 10, 1951.

CURRENT BUSINESS TRENDS IN OREGON

Lumber. The West Coast Lumbermen's Association reports that a car shortage during the latter part of September 1951 accounted for a decline of about 2,500 cars of lumber shipped in September as compared to August 1951. This car shortage was, for the most part, limited to the Oregon and northern California Douglas-fir regions. The general price and production outlook for the industry remains unsettled. The most recent statistics for the industry follow (thousands of feet, board measure) :

	Sept. 1951	*Aug. 1951*	*Sept. 1950*
Average weekly production	208,761	221,781	234,330
Average weekly orders	202,500	195,365	197,561
Average weekly shipments	200,993	208,212	231,614
Unfilled orders, end of month	539,514	533,236	912,682
Gross stocks, end of month	919,258	886,889	797,304

Portland Department-Store Sales. Portland department-store sales are running at about the same level they were a year ago. However, with higher prices prevailing now, the physical volume of goods sold is probably lower. The figures below show percentage changes between this year and last year in sales of department stores in Portland and other Pacific Coast cities.

	Week Ending Oct. 20	*4 Weeks Ending Oct. 20*	*Calendar Year to Oct. 20*
Portland	+ 2	−1	+1
Los Angeles	+ 8	+3	−1
San Diego	+ 6	+6	+2
Oakland	+ 8	0	+2
San Francisco	+ 8	+2	+4
Seattle	+14	+1	+5
Spokane	+ 4	+1	+7
United States	+10	+4	+3

The only other collection of Oregon retail-sales data is that made by the U. S. Department of Commerce of certain stores in La Grande. This is a part of the Bureau of the Census' monthly retail trade report. The most recent release for these La Grande stores shows a 10 per cent increase in August 1951 sales over those of July 1951. However, the same August sales were 2 per cent lower than the sales of August 1950.

Employment. Employment gains in food processing and governmental lines during September 1951 were more than offset by losses in construction and lumbering, according to preliminary tabulations made by the Oregon State Unemployment Compensation Commission. Nonagricultural employment in September dropped to 473,300. In August 1951, the number was 476,700, and in September 1950, 478,100. The highest employment figure in the state's history was 478,100, in August 1950.

Lumber employment in September was 85,700, a considerable decline from the 88,200 figure a month earlier. Construction workers totalled 28,900, 1,300 fewer than in August and 5,300 fewer than a year ago. On the other hand, canneries employed 16,900 and other food processing gave jobs to 10,800. In September 1950, the combined total of canneries and other food processors was only 22,400.

Multnomah County Real-Estate Transactions. During September 1951 there were 1,131 real-estate transactions amounting to $9,650,449 in Multnomah County. Of these 787 involved residences, the total value of which was $6,918,136; 310 were vacant properties, $644,653; and 34 were business properties, $2,087,660.

	Sept. 1951	*Aug. 1951*	*Sept. 1950*
Number of sales	1,131	1,263	1,271
Total value of sales	$9,650,449	$10,062,165	$9,741,034
Number of mortgages	942	1,103	1,347
Total amount loaned	$5,706,297	$7,364,305	$8,678,638

BANK DEBITS

Bank debits represent the dollar value of the checks drawn against individual deposits. Payment for approximately 90 per cent of all goods, property, and services is by check. Bank debits are regarded as indicators of the general trend of business, though their value for this purpose may be impaired by substantial changes in the level of prices. The Bureau of Business Research collects bank debits from 122 banks and branches monthly. On occasion, the totals for the same month in different issues of the *Review* are not directly comparable because of necessary adjustments in basic data.

Marketing Districts	*Number of Banks Reporting*	*Debits Aug. 1951*	*Debits Aug. 1950*	*Debits July 1951*	*Aug. 1951 compared with Aug. 1950*	*Aug. 1951 compared with July 1951*
Oregon	110	$1,268,113,528	$1,171,022,947	$1,158,486,253	+ 8.3%	+ 9.5%
Portland (Portland, Hillsboro, Oregon City, etc.)	32	775,753,869	715,862,864	737,191,128	+ 8.4	+ 5.2
Lower Willamette Valley (Salem, McMinnville, etc.)	14	98,363,780	92,856,251	63,653,336	+ 5.9	+54.5
Upper Willamette Valley (Albany, Corvallis, Eugene, etc.)	15	132,259,870	123,999,028	121,330,926	+ 6.7	+ 9.0
North Oregon Coast (Astoria, Tillamook, etc.)	4	23,556,561	21,795,358	22,702,625	+ 8.1	+ 3.8
Douglas, Coos Bay	7	41,993,061	43,545,011	38,453,727	− 4.6	+ 9.2
Southern Oregon (Ashland, Medford, Grants Pass)	6	57,390,745	53,027,459	51,698,810	+ 8.2	+11.0
Upper Columbia River (The Dalles, Hood River, etc.)	7	23,884,375	18,941,920	18,893,204	+26.1	+26.4
Pendleton area	6	33,672,745	24,141,091	26,192,638	+39.5	+28.6
Central Oregon (Bend, Prineville, Redmond)	5	22,035,757	20,963,768	22,700,030	+ 5.1	− 2.9
Klamath Falls, Lakeview area	5	30,256,536	28,751,813	29,530,198	+ 5.2	+ 2.5
Baker, La Grande area	5	15,452,677	14,131,656	13,799,629	+ 9.3	+12.0
Burns, Ontario, Nyssa	4	13,493,552	13,006,728	12,340,002	+ 3.7	+ 9.3

BUILDING PERMITS

Building permits give an indication of building operations planned rather than actual construction under way. Care must be taken, in interpreting these data, to allow for the lag which may elapse between the issuance of the permit and the beginning of actual construction. The data have been collected by the Bureau of Business Research.

	New Residential Aug. 1951	*New-Non-residential Aug. 1951*	*Additions, Alterations & Repairs Aug. 1951*	*Totals Aug. 1951*	*Totals July 1951*	*Totals Aug. 1950*
Albany	$ 67,000	$ 23,500	$ 8,200	$ 98,700	$ 167,228	$ 95,300
Baker	17,500	10,960	5,000	33,460	71,555	1,007,125
Bend	54,800	2,900	40,325	98,025	32,093	87,485
Coos Bay	39,864	475,330	23,580	538,774	76,281	112,980
Corvallis	53,050	75,600	32,728	152,378	207,995	316,620
Eugene	199,000	473,200	57,900	730,100	217,447	569,550
Grants Pass	102,920	31,737	24,433	159,090	139,135	139,276
Klamath Falls	37,100	16,700	34,851	88,651	127,320	270,589
La Grande	8,000	20,444	9,495	37,939	468,615	188,190
Medford	108,040	41,700	35,000	184,740	348,995	218,868
Oregon City	28,430	9,175	5,470	43,075	44,220	64,647
Portland	1,398,700	943,785	924,895	3,267,380	3,816,445	5,034,585
Roseburg	18,500	93,200	103,464	215,164	47,590	101,200
Salem	182,300	64,825	58,516	305,641	332,332	923,344
Springfield	102,500	146,105	24,325	272,930	150,531	98,830
The Dalles	22,200	100	8,095	30,395	40,695	307,296
17 other communities	243,350	652,285	87,906	983,541	1,538,118	706,521
Total	$2,683,254	$3,081,546	$1,475,183	$7,239,983	$7,826,595	$10,242,381